

Message Text

UNCLASSIFIED

PAGE 01 LA PAZ 06629 231858Z

71

ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 INT-05 OES-06 ITC-01

TRSE-00 GSA-02 /032 W

----- 094465

R 231815Z AUG 76

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 2056

UNCLAS LA PAZ 6629

DEPT PASS INTERIOR BUREAU OF MINES

E.O. 11652: N/A

TAGS: EMIN, BL

SUBJ: EXPORT AND PRODUCTION TAXES ON TIN

REF: STATE 204340

1. BOLIVIA'S MINING COMPANIES, PUBLIC AND PRIVATE, ARE ONLY TAXED ON THE VALUE OF MINERALS EXPORTED OR SOLD TO ENAF (NATIONAL SMELTING CO.) HOWEVER, GOB COMMISSIONED HARVARD UNIVERSITY TO STUDY ITS MINING TAXATION SYSTEM IN EARLY 1975. THE HARVARD STUDY RECOMMENDS MOVING TOWARDS A PROFITS TAX AND THE MINISTRY OF MINES HAS INDICATED THAT SOME CHANGES IN THE TAX LAW MIGHT BE FORTHCOMING LATER THIS YEAR. IT APPEARS GOB WILL MOVE TOWARD A MIXED EXPORT TAX - IMPUTED PROFITS TAX SYSTEM RATHER THAN GO ALL THE WAY TO A PROFITS TAX SYSTEM.

2. EMBASSY REPORTED THE NEW SCHEDULE OF ROYALTIES IMPLEMENTED BY THE GOB ON JANUARY 1, 1976 IN A-9 JANUARY 23, 1976. THIS AIRGRAM ALSO REFERS TO SUPREME DECREE 10550 OF OCTOBER 27, 1972 WHICH LAID LEGAL BASIS FOR A NEW EXPORT TAX ON GROSS VALUE OF MINERAL EXPORTS. THIS DECREE WAS IMPOSED AFTER DEVALUATION OF THE BOLIVIAN PESO IN OCTOBER 1972 (SEE A-290 NOVEMBER 10, 1972 FOR TRANSLATION OF BOLIVIAN DEVALUATION DECREE).

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LA PAZ 06629 231858Z

THIS DECREE AND OTHER DECREE'S EFFECTING MINING

TAXATION WERE REPORTED IN A-36, MARCH 8, 1974 (ROYALTY SCHEDULE BEGINNING ON PAGE 3 WAS SUPERCEDED BY ONE CONTAINED IN A-9). REGULATIONS IMPLEMENTING ARTICLE 22 OF SD10550 IMPOSED A 20PCT TAX ON NET EXPORTS BUT WERE QUICKLY CHANGED BY SD11143 (A-36 ENCLOSURE 2) FOR COMIBLO AND MEDIUM MINERS AND SD11233 (A-36 ENCLOSURE 3) FOR SMALL MINERS. COMPARISON OF ROYALTY TAX SCHEDULES IN A-36 AND A-9 WILL GIVE AMOUNT OF RECENT CHANGES. FOR DATA ON EARLIER YEARS REFER TO REFERENCED REPORTS IN A-36.

3. THERE ARE OTHER DIRECT TAXES SUCH AS THE 1.1PCT IMPOSED ON VALUE OF MEDIUM MINER'S MINERAL EXPORTS BY SUPREME DECREE 10802 (SEE A-36 ENCLOSURE 4) TO HELP FINANCE THE MINING AND METALLURGICAL RESEARCH INSTITUTE IN ORURO. CHAPTER II ARTICLE 62 OF THE MINING CODE REQUIRES PAYMENT OF A LAND TAX (PATENTE) WHICH USUALLY RUNS 6 PESOS PER HECTARE (20 PESOS - \$1). OTHER MINOR TAXES ALSO IMPACT ON MINING COMPANIES SOME OF WHICH WERE IDENTIFIED IN A-86, AUGUST 4, 1976 PART III. SOME OF THESE TAXES SUCH AS PAYMENTS TO STATE DEVELOPMENT CORPORATIONS, STATE UNIVERSITIES, ETC. ARE PAID OUT OF THE ROYALTY TAX COLLECTED BY CUSTOMS.

4. EXAMPLE OF CURRENT DIRECT TAXES PAID BY MEDIUM MINING COMPANY ON GROSS VALUE OF HIGH GRADE TIN (35 PCT OR OVER) AT PRICE OF \$3.20 PER POUND ARE: ROYALTY- \$.532, EXPORT TAX - \$.240, METALLURGICAL INSTITUTE - \$.035 OR \$.807 (25.2 PCT) IN TAXES PER POUND OF TIN VALUED AT \$3.20.

5. EMBASSY WILL REPORT ANY FUTURE CHANGES IN TAXES ON TIN EXPORTS AND MINING TAXES IN GENERAL AS THEY OCCUR.
STEDMAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, TIN, EXPORT CONTROLS, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LAPAZ06629
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760322-0143
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760829/aaaaazcl.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 204340
Review Action: RELEASED, APPROVED
Review Authority: harterdg
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by ReddocGW>; APPROVED <18 JAN 2005 by harterdg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT AND PRODUCTION TAXES ON TIN
TAGS: EMIN, BL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006